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**FOLSOM COUPLE ARRESTED AFTER FEDERAL AGENTS SEIZED NEARLY
\$500,000 IN GAMBLING WINNINGS AFTER WOMAN ALLEGEDLY
EMBEZZLED FROM CAL WORTHINGTON**

SACRAMENTO -- United States Attorney McGregor W. Scott announced today that SUSAN MICHELLE PRUETT, 38, and KENNETH RICHARD PRUETT, 44, of Folsom, were arrested today and appeared before United States Magistrate Judge Gregory G. Hollows for arraignment on a 51-count indictment, which was unsealed upon their arrests. A federal grand jury returned the indictment on May 25, 2006, charging SUSAN MICHELLE PRUETT with 47 counts of mail fraud, and charging both SUSAN MICHELLE and KENNETH PRUETT with three counts of tax evasion and one count of money laundering stemming from SUSAN PRUETT'S embezzlement of \$750,000 from automobile dealership magnate Cal Worthington.

This case is the product of an extensive/joint investigation by the Federal Bureau of Investigation and the Internal Revenue Service, Criminal Investigation Division.

According to Assistant United States Attorney Samantha Spangler, who is prosecuting the case, Special Agents from the

Internal Revenue Service, Criminal Investigation Division, seized \$497,953.91 in gambling winnings obtained by SUSAN MICHELLE PRUETT from the Video Poker Millionaire Maker held on March 21, 2006 at Harrah's Lake Tahoe Hotel & Casino. The funds were seized on April 3, 2006, with a federal civil seizure warrant issued that day by U.S. Magistrate Judge Kimberly J. Mueller. Today the records pertaining to the seizure warrant and two search warrants were also unsealed.

Court records allege that SUSAN MICHELLE PRUETT embezzled more than \$750,000 from a bank account maintained by Cal Worthington. PRUETT allegedly used her position as a bookkeeper for Folsom Imports and other Worthington businesses to embezzle the funds over the course of several years. Between May 2002, and February 2006, PRUETT is alleged to have forged two authorized signatures on 54 checks, totaling \$756,139.24, and made them payable to herself or to her business entity, Pruett Professional Services. Court records allege that PRUETT made corresponding duplicate, non-negotiable checks - created for bookkeeping purposes - payable to legitimate vendors of Worthington's business to conceal her embezzlement. PRUETT used the mails to deposit 47 of the actual checks into a bank account she and her husband jointly held in Montana, and the remainder were deposited in local bank accounts. According to court records, the couple then used money from those bank accounts to

gamble at various casinos, including Harrah's and Harvey's in South Lake Tahoe, Nevada.

Over time, the PRUETTs qualified as "Seven Star Players" - the highest level membership a gambler can achieve in Harrah's and Harvey's Casino's Total Rewards Member Program. SUSAN MICHELLE PRUETT's status as a "Seven Star Player" allowed her to enter Harrah's Video Poker Millionaire Contest, which culminated in the March 21st video poker tournament at Harrah's. PRUETT won that contest, winning the \$1,000,000 grand prize. The nearly half-million in funds seized by the government represent a substantial portion of the lump sum value of the \$1,000,000 prize.

The tax evasion charges stem from the couple's alleged failure to report the embezzled funds as income on their federal income tax returns for tax years 2002, 2003, and 2004, resulting in the underpayment of federal taxes by \$11,159, \$128,803, and \$39,699, respectively.

The money laundering charge is based upon the couple's electronic transfer of \$14,440.66 from their Montana bank account to the California Franchise Tax Board in May of 2005. That conduct allegedly violates a federal law that prohibits engaging in a monetary transaction using more than \$10,000 of money derived from specific criminal conduct, in this case mail fraud.

If convicted of the charges in the indictment, the maximum penalty for each offense of mail fraud is 20 years in prison. Each tax evasion charge carries a maximum penalty of 5 years imprisonment. The maximum penalty for the money laundering charge is 10 years in prison. Each count also carries a maximum fine of \$250,000.

The charges contained in the indictment and the assertions contained in the affidavits in support of the seizure warrant and search warrants are only allegations. The defendants are presumed innocent until and unless proven guilty beyond a reasonable doubt on the criminal charges.

According to Assistant United States Attorney Spangler, the government must prevail on the merits of its allegations before the seized funds can be forfeited to the United States. Federal law allows the government to seize and forfeit the property that is traceable to certain federal crimes, including mail fraud and money laundering. In cases in which the government successfully forfeits the proceeds of federal criminal activity, federal law further allows the government to apply the forfeited assets to an order of restitution to the victim of the underlying federal offense.

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